



Exemptions, Deductions and Homestead Verification

Department of Local Government Finance

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The Good News

All eligibility requirements, deadlines or exemption/deduction/credit availability are the **SAME** since our last discussion!

Now let's review...



Exemptions, Deductions and Credits...Oh My!

- **Exemption** = property is not taxable
 - Churches, Charitable Organizations, etc.
 - IC 6-1.1-10; IC 6-1.1-11
- **Deduction** = reduces the taxable assessed value of a property by a fixed dollar amount
 - Homestead, Mortgage, Over 65, Disabled Veteran, etc.
 - IC 6-1.1-12
- **Credit** = reduce the net tax bill by a designated percentage or prevent a tax bill from exceeding a certain percentage
 - Circuit Breaker, Over 65, LOIT Homestead



Exemptions

- Application must be filed on or before May 15th of the assessment year with the county assessor.
 - May 15, 2010 for the 2010-pay-2011 property taxes
- Must be re-filed every even year unless:
 - The exempt property is owned, occupied and used for educational, literary, scientific, religious or charitable purposes
 - The property continues to meet the requirements of IC 6-1.1-10-16 or IC 6-1.1-10-21
 - An application was properly filed at least once in accordance with these statutes
- Exemption is valid after change in ownership if the property continues to meet the requirements under IC 6-1.1-10-16 or IC 6-1.1-10-21



Deductions for Real Property

- Application must be completed and dated by December 31 and filed on or before January 5 of the immediately succeeding calendar year.
 - Completed and dated by December 31, 2010 and filed on or before January 5, 2011 for 2010 pay 2011 property taxes
- Homestead Standard Deduction is always applied first, followed by Homestead Supplemental Deduction. Remaining deductions may be applied in any order.



Deductions for Personal Property Mobile Homes

- Application must be filed during the 12 months before March 31 of the year the applicant wishes to receive the deduction.
 - Before March 31, 2011 for 2010-pay-2011 property taxes.
- Sum of all deductions provided may not exceed 50% of the assessed value of the home.
 - Only exception is the Homestead Supplemental Deduction
 - All **credits** may be applied outside of this limitation



Credits

- **Circuit Breaker Cap Credit**
 - To receive the 1% cap, the taxpayer must apply for and be eligible to receive the homestead deductions. Separate application not required for credit.
- **LOIT Homestead Credit**
 - Taxpayer must apply for and be eligible to receive the homestead deductions. Separate application not required for credit.
- **Other LOIT Credits**
 - Automatically applied to eligible property. Separate application not required for credit.
- **Over 65 Circuit Breaker Credit**
 - Application required. Same deadlines as those for deductions.



Homestead Verification Form

- The form may be returned by mail.
- Identification from **ANY** state may be provided.
- The form must be returned at least once by **January 1, 2013** or the homestead may be removed from the 2012 pay 2013 property taxes.
- There is no penalty for failure to return the form in either 2010 or 2011.
- A homestead verification form is not required for new homestead applicants as the required information is provided on the initial application now.



Frequently Asked Questions

Can an individual receive both the disabled person deduction and the disabled veteran deductions on the same property?

Yes, assuming the individual meets all eligibility requirements for both deductions, he or she may receive and apply both to the same property.



Frequently Asked Questions

A married couple owns two properties with a mortgage on each property, can they receive the mortgage deduction on both properties?

Yes, each person is entitled to his or her own mortgage deductions. The sum total of deductions granted to a person may not exceed \$3,000. The sum total of mortgage deductions applied to a single property may not exceed \$3,000.



Frequently Asked Questions

A married couple owns two homes. The husband and wife are separated and each is living in a different home, can they both have a Homestead Standard Deduction?

No, a married couple is limited to one Homestead Standard Deduction regardless of living arrangements or how the properties are deeded.



Frequently Asked Questions

A property is receiving a non-taxable exemption. The house is sold on December 31, 2010 and the new owner has filed for the Homestead and Mortgage Deductions, how should this be handled?

The exemption should be removed when the property is sold because the new owner is not eligible for the non-taxable exemption. The owner of the property must be eligible for the exemption to receive it.



Frequently Asked Questions

A property is owned by a two brothers and a sister. The sister resides on the property with her spouse. A homestead is applied to the property. Who should complete the verification form?

The sister is the owner of the property utilizing the property as a primary residence. Therefore, she and her spouse should complete the homestead verification form. The brothers are not required to provide verification information.



Questions?



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